

**Management report to Council****Agenda item 6.1****Proposal to waive outdoor dining and busking fees****Council****Presenter:** Dean Robertson, Director City Safety, Security and Amenity**29 March 2022****Purpose and background**

1. The purpose of this report is to seek Council's approval to waive permit fees for busking and outdoor dining including selected temporary laneway closures associated with the Extended Outdoor Dining Program from 1 April 2022 to 31 October 2022.
2. Implemented in October 2020, the Extended Outdoor Dining Program has supported Melbourne's hospitality industry to trade safely during the continuing impacts of the COVID-19 pandemic. In support of businesses and busking, permit fees have been waived since the program commenced.
3. On 29 June 2021, as part of the Council Budget 2021-22, Council approved an extension of fee waivers and infrastructure costs to support businesses and busking until 31 October 2021. The resulting revenue impact for this period was \$324,000 for outdoor dining and \$11,000 for busking and was included as part Council's contribution to the \$100 million Melbourne City Recovery Fund (Recovery Fund) delivered in partnership with the Victorian Government.
4. On 26 October 2021, Council endorsed the Future Melbourne Committee's recommendation to further waive outdoor dining and busking fees until 31 March 2022 due to the continuing impacts of the pandemic (Delta) on city businesses. The resulting revenue impact for this period was \$405,000 for outdoor dining fees and \$14,000 for busking and was included as part Council's contribution to the Recovery Fund.
5. Council also agreed to purchase and gift existing parklets and associated infrastructure to participating businesses and transfer the responsibility to maintain parklets to permit holders. To support businesses further it was also agreed to reinstate parklets for those businesses who had earlier decided to remove them and provide parklet infrastructure to new permit holders until December 2021. Temporary laneway closures and associated infrastructure was also funded for this period and foregone revenue from parking meters that were decommissioned due to parklets was also accepted by Council. These costs were included in the Recovery Fund.
6. Whilst \$878,000 was provided from the Recovery Fund to support temporary lane closures, the cost associated with these lane closures has been reviewed and is expected to now cost \$276,000. Therefore the net reduction in costs is \$602,000.

**Key issues**

7. Approximately 1300 outdoor café permit holders are due to have footpath fees reintroduced on 1 April 2022. Fees for busking permits are also set to be reintroduced on this date.
8. Of 192 original parklet permit holders, there are currently 172 remaining parklets operating in the municipality within 315 kerbside car parking spaces.
9. Despite a level of increased confidence in early December 2021, the Omicron variant outbreak in late December caused consumer confidence to drop to its lowest point since October 2020 and the city suffered a 'shadow lockdown' with consumers choosing not to visit the city to work, dine or shop. ANZ reported that spending on dining and takeaway in Melbourne dropped 43 per cent in the first half of January compared with the first half of December.
10. A sentiment survey of businesses conducted in late January 2022 revealed that:
  - 10.1. businesses have serious concerns about the lack of direct financial support from the Federal and State Governments for businesses impacted by the Omicron variant
  - 10.2. traders have concern about the unknown impact on consumer confidence going forward

- 10.3. 74 per cent of businesses are struggling to survive, while 53 per cent were not confident they could remain open for more than three months.
11. Face-to-face engagement with 112 parklet permit holders by the Business Concierge Team in late February 2022 revealed that businesses still have concerns about the possible re-introduction of fees and the lack of direct financial support from the Federal and State Governments impacted due to Omicron.
12. In recognition of the economic impact caused by Omicron and to help support businesses in the recovery of the city, management recommends the waiving of outdoor dining and busking permits until 31 October 2022. It is expected that foot traffic and trading conditions will improve within this time as office workers, visitors, students and international students are predicted to make an impactful return to the city.
13. Management also recommends to continue the temporary laneway closure program for selected lanes for the same period of time. Currently there are ten partially closed laneways. Utilisation will continue to be monitored. The cost of laneway closures associated with the Extended Outdoor Dining Program for the proposed period is \$193,000 funded through the Melbourne City Revitalisation Fund (Revitalisation Fund), previously known as the Melbourne City Recovery Fund.
14. The lost revenue to Council of deferring the collection of outdoor dining and busking fees from 1 April to 31 October 2022 is \$742,600. Revenue foregone can be considered part of the Council's contribution to the Revitalisation Fund.
15. With 172 parklets in place within 315 parking bays, Council also foregoes \$1,795,850 in revenue for this period from decommissioned parking bays. This foregone revenue can be considered part of Council's contribution to the Revitalisation Fund.

### **Recommendation from management**

16. That Council:
  - 16.1. Waives outdoor dining and busking permit and application fees associated with the Extended Outdoor Dining Program, until 31 October 2022 resulting in \$742,600 revenue foregone.
  - 16.2. Continues to support temporary laneway closures with associated infrastructure until 31 October 2022, at a cost of approximately \$193,000.

#### **Attachments:**

1. Supporting Attachment (Page 3 of 4)

## Supporting Attachment

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### Legal

1. The process for issuing permits is managed under the Activities Local Law 2019. Legal advice has and will continue to be provide on all aspects of the project.

### Finance

2. Extending outdoor dining permit fee waivers (\$723,000) and busking fee waivers (\$19,600) from 1 April until 31 October 2022 accounts for \$742,600 revenue foregone and can be considered part of the Council's contribution to the Melbourne City Revitalisation Fund (Revitalisation Fund). The financial impact for 2021-22 financial year is \$251,400, and this is not currently included in the annual forecast, and will widen the current deficit. The financial impact for 2022-23 financial year is \$491,200, and this is not currently in the proposed budget for 2022-23 financial year.
3. Infrastructure costs involving the closure of laneways with sleeve and bollard system costs \$193,000 over the seven month period, excluding any miscellaneous costs, and can be funded through the Victorian Government contribution to the Revitalisation Fund. The financial impact for 2021-22 financial year is \$82,714 and this is included in Council's 2021-22 financial year budget. The financial impact for 2022-23 financial year is \$110,286, this is subject to Council funding approval for 2022-23 financial year.
4. The cost for removing any disused or abandoned infrastructure at the end of the program has been calculated in budget estimates at a cost of \$122,324 and can be funded through the Victorian Government contribution to the Revitalisation Fund. This is subject to Council funding approval for 2022-23 financial year.
5. It is expected that the additional loss of car parking revenue in order to extend the outdoor dining program for seven months would be approximately \$1,795,850. This estimate does not include potential revenue from parking fines.

The financial impact for 2021-22 financial year is \$769,650 (considered in forecast) and the financial impact for 2022-23 financial year is \$1,026,200 (considered in proposed budget).

6. The total financial impact for 2021-22 financial year is \$1,103,764, consisting of \$251,400 of outdoor dining permit fee waiver and busking fee waivers, \$769,650 of loss of car parking revenue, and infrastructure cost of \$82,714 for closure of laneways.
7. The total financial impact for 2022-23 financial year is \$1,750,010, consisting of \$491,200 of outdoor dining permit fee waiver and busking fee waivers, \$1,026,200 of loss of car parking revenue, and infrastructure cost of \$110,286 for closure of laneways as well as \$122,324 future parklet removal and public realm reinstatement costs.

### Conflict of interest

8. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

### Health and Safety

9. The Extended Outdoor Dining initiative responded directly to the COVID-19 public health measures regarding social distancing requirements. Density limits for indoor dining are no longer required but could be re-introduced if further outbreaks occur.

10. Throughout the course of the program, road safety assessment and audits have been undertaken to ensure all outdoor dining spaces created in the parking spaces and other temporarily closed roads are designed and constructed to meet safety standards.
11. The City Activation Program has benefitted from an overarching risk assessment, and appropriate measures have been established.

### **Stakeholder consultation**

12. In-person engagement with 112 hospitality venues and parklet permit holders was conducted between 25 February and 4 March 2022 to understand current sentiment regarding trading conditions and educate permit holders on cleaning and maintenance responsibilities. Respondents rated the return of customers after the easing of restrictions as Excellent or Very Good (19 per cent); Good (28 per cent); Fair (23 per cent); Poor (4 per cent) with 26 per cent preferring not to respond/were not trading during the survey. Businesses reported that trade was picking up, especially on weekends and as students and international students were returning to the city.
13. In addition, 72 per cent of food businesses surveyed reported that the parklets significantly benefited their business, with many customers opting for the outdoor dining option. Many would like the parklets to be a permanent addition to the Melbourne dining scene. Just a few businesses (4 per cent) were neutral about the parklets mostly because they had not had enough trade to experience the benefits of them and 24 per cent preferred not to respond/were not trading during the survey.
14. Proactive engagement with existing outdoor dining permit holders will be undertaken immediately following the determination of Council. Specific consultation will be conducted to ensure trader roles and responsibilities to maintain and clean parklets are reinforced.

### **Relation to Council policy**

15. The proposal supports key priorities in the Council Plan 2021-2025 to ensure the city economy is stronger, resilient and fully recovered from the impacts of COVID-19. The Extended Outdoor Dining Program as an initiative identified in the COVID-19 City Reactivation and Recovery Plan and Council Plan Major Initiative 1: Continue to strengthen Melbourne's economic recovery.

### **Environmental sustainability**

16. An extension to the Extended Outdoor Dining Program associated with the closure of selected laneways promotes the reduction of emissions from motor vehicles and greenhouse gases, which contribute to climate change. This also promotes safer spaces for pedestrians and lower noise levels for residents.